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Testimony of Phil Sherwood
Deputy Director of the Connecticut Citizen Action Group
Before the Energy and Technology Committee

Good afternoon Senator Fonfara, Representative Nardello and other members the committee. My name is Phil Sherwood and I am the Deputy Director of the Connecticut Citizen Action Group (CCAG). CCAG has approximately 25,000 members and is currently the state's oldest and largest public interest group.

CCAG supports the concepts within House Bills 6507, 6510, 6512 and 6514. As we now know, deregulation has done nothing to curtail skyrocketing electric rates as many had predicted. Connecticut consumers continue to pay the highest electric rates on the continent due to market manipulation and price gouging. These bills create mechanisms that reduce costs, increase competition and invest in energy efficiency.

HB 6514, AAC Lowering Consumer Electric Costs, is an important component to bringing relief to consumers by enacting a Windfall Profit Refund. Company filings with the Federal Energy Regulatory Commission demonstrate that the refund from windfall profits would generate over \$400 million for consumers and conservation efforts. We believe a windfall profits refund is reasonable and long overdue. Applying the windfall profits refund on profits over 20% rate of return, while letting generators retain all of their profits under 20%, is generous. This proposal also exempts generators which sell electricity at a rate significantly lower than the market rate. We believe that this will not only generate much needed revenue from excess profits but will incentivize lower costs.

CCAG also strongly supports the creation of a Connecticut Electric Authority (CEA) provided in HB 6510. It's vital that we transfer the way electric rates are figured away from the upside down market rules currently in place to a cost of service system. A CEA would have the ability and authority to leverage the state's purchasing power and purchase electricity from generators, driving the costs to consumers down. The CEA also would play an important role as a quasi public agency in better coordinating and consolidating the bureaucracies armed with the responsibility for the long term planning and regulation currently conducted by other state agencies. Consumers should be able to access and benefit from clear and comprehensive information pertaining to energy efficiency or other programs designed to lower their electric bills through a single agency and not a confusing web of agencies they currently have to navigate through.

HB6507, AAC Reducing and Stabilizing Electric Rates for Residential and Business Consumers is an important bill to help stabilize electric costs and reduce volatility by allowing consumers to have an additional option by locking into rates for a year. We believe this bill will help create competition by the energy suppliers' desire to attract those customers.



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The status quo is not working for the Connecticut's consumers or our economy. Action is needed from the legislature to help provide greater relief residents and businesses and to establish fairness in electric markets. Collectively, these bills are an effort to add competition into the market place and lower consumer prices. Energy costs are a significant expense for most businesses and residents. More needs to be done to provide relief, reduce volatility and make the cost of electricity relative to the cost to generate it.

CCAG urges passage of the concepts in **HB 6510 AA Establishing Public Power Authority, HB 6512 AAC The Electric Contract Procurement Process, and HB 6514 AAC Lowering Consumer Electric Costs And Supporting Energy Efficiency.**

Thank you for your time and consideration.

Phil Sherwood
Deputy Director,
CCAG